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ABSTRACT

School principals tend to be well enough trained to serve as superintendents or assistant superintendents and to expect and receive high salaries as a result. This training ought to be put to use by involving school principals more thoroughly in the decision-making process. While boards of education retain the authority for fixing the budget and superintendents see that the budget is met, principals should have more say in how that budget is applied in their individual buildings. This will allow principals to respond innovatively to the local situation in terms of personnel, materials, and curriculum, within bounds established by policy, while leaving central office personnel freer to concentrate on broad goals and directions, evaluations, and development of the school system as a whole. (Author/PGD)

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"DECENTRALIZED BUDGETING: MAKING THE MANAGEMENT TEAM WORK"

(Clinic #E-69)

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DECENTRALIZED BUDGETING: MAKING THE MANAGEMENT TEAM WORK

A Paper Presented At A Clinic at the National
School Boards Association Convention,
Anaheim, California, April 3, 1978

Paul H. Cunningham, Ed.D.

INTRODUCTION

Theme

In announcing the theme of this convention in the January-February issue of School Boards, the editors focused on a key source of disgruntlement among building administrators. Citing a recent nationwide poll of secondary school principals, they report that "a growing number of school principals feel left out of their districts' management teams." The simple truth is that there still exists a large number of districts which have never attempted to set up management teams and, in still other places where management teams have been established, they are not working.

Although not cited by the School Boards Newsletter, a significant part of that aforementioned survey was that, as an aftermath of nearly a decade of collective negotiating with teacher organizations, Boards and Superintendents have relinquished a number of building administrator prerogatives, while still holding them accountable for implementing the Board's approved educational programs. Thus, we are holding them responsible for obtaining the same results, but we have removed some of the tools from their toolbox. This apparent contradiction has contributed to the increase in militancy among the professional associations of administrators.

Objectives

I personally subscribe to the concept of the administrative management team and will attempt through this presentation to make

a case for sharing more responsibility for budgetary decisions with building administrators. Thus, I will try to do the following:

- To present a rationale as to why we can and should decentralize the budget process
- Review the traditional budget development process
- Present alternative approaches
- List some caveats to be considered
- And, stress the Policy-making Policy of the School Board

Rationale

In presenting this rationale, I would like to direct your attention to the level of training of most building administrators. To be a school principal requires, in most states, special certification. Achieving this certification requires the individual to return to graduate school. Seldom can certification be attained short of earning a master's degree. Few administrators, however, are content with the bare minimum and thus have achieved levels of advanced graduate standing. In fact, many people functioning as principals are qualified for positions as Assistant Superintendent and Superintendent.

Preparation for administrative posts usually requires the candidate to have formal course work in school finance, school business management (including budget development), and a variety of experiences to improve management skills. Through research conducted since the mid 1950's and more recently through the efforts of the University Council for Educational Administration, a common core of training and experiences has been developed for administrators, thus ensuring some uniformity in training from state to state.

The cost of this specialized training, whether paid for by the individual or through reimbursement by his school district, represents a significant expenditure of both time and money. Once gainfully employed, the principal begins to recoup some of his investment for he usually qualifies for advanced levels on the salary guide. A significant number of building administrators earn in the neighborhood of $20,000 - $40,000 annual salary. By contrast, a person achieving the coveted MBA degree, again at considerable personal cost and sacrifice, may be paid at the lower end of this range while at the same time have fiscal responsibility for millions of dollars worth of assets.

I would submit to you, that with the level of preparation and the salaries we are paying, we must delegate greater decision-making responsibility to our principals. I believe we can expect decisions commensurate with the salaries being paid. Not to do so is a gross mismanagement of human resources on our part. It should go without saying that, if an incumbent in one of these key positions is incapable of making decisions of this magnitude, he should be removed.

A concept espoused among the more enlightened managers is that decisions ought to be made closer to the point of the activity. For us in the educational establishment, this is the classroom. Theoretically, then, the teacher should be given a key role in this process. For practical purposes, it is the principal, who by the nature of his experience (for every principal should have had a significant period of time in the classroom) and by his proximity to the classroom teacher, is eminently qualified to determine how resources, both fiscal

and human, should be deployed. More will be said about this as we trace the traditional budget development process.

Up to this point we have been considering the capability of building level administrators to make sound decisions concerning the expenditure of resources. We need next to consider the responsibility we have delegated to him for the implementation of the instructional program.

A review of the position description for most principals will reveal that, depending upon the educational level, principals have responsibility for: a physical plant worth several millions of dollars; the educational needs and safety of student bodies ranging from a few hundred to a few thousand students; professional staff ranging from a few dozen to a hundred or more; classified and paraprofessional personnel ranging from a few dozen on up. They must administer the schools within the policies of the board of education and a host of state regulations. And, all the while, they must strive to be responsive to the needs of the community they serve.

It should be apparent that it takes a special kind of person to achieve the desired results. Since we expect so much, it should behoove us to be willing to delegate a greater share of the decision-making process to them. Here then is one of the keystones of the management team approach. Assuming we have been rigorous in our recruitment and selection process, we must be willing to place our confidence in them and trust them to make wise decisions.

I just enumerated the major responsibilites found in the position descriptions of most principalships. Many of these tasks are not

new. What is new, and what I will submit as a precondition for decentralizing the decision-making process, is that building principals be held accountable for the results of the instructional program. Thus it may be stated that by virtue of his training, experience, responsibility, remuneration, and accountability, the building principal deserves a key role in the management of resources.

BUDGET DEVELOPMENT PROCESS

Traditional Methods

Prior to relating some ways in which principals can be involved in the planning and controlling of expenditures, it may be well for the benefit of new school board members to review the typical or traditional budget development process. With more than 16,000 school districts throughout the United States, it is unlikely that any two districts have precisely the same budget development process. Until recently, the vast majority developed variations to a common process. What follows is a review of that process.

Generally, sometime early in the fall (depending upon when the budget had to be submitted for approval), the central office would distribute prepared forms. Usually special forms were prepared for textbooks, supplies, equipment, etc. The building principal would convene his or her faculty and distribute his own forms and calendar of deadlines. A department chairman was responsible for compiling requests for an instructional area. Since few guidelines or constraints were imposed at this level, the end product resembled a "wish list." The principal provided some semblance of reality by suggesting drastic deletions.

The next stage consisted of an intermediate review of budget requests by central office personnel. Depending on the size of the district, the Superintendent may or may not be involved. Again, more cuts were made to make the budget fit a pre-determined figure. And, finally, the combined budget is submitted for consideration by the Board of Education, and, you've guessed it, the bottom-line is further reduced. If the Board of Education is fiscally independent, the process stops. If they are fiscally dependent, the budget is submitted to another authority for review or to a referendum. This latter course, more often than not, results in further cuts.

Now this system may be defended by some as a process of refining the budget and a logical system of checks and balances. Seldom, if ever, is an individual consulted about cuts once it leaves his level of review. What we have then is a system that permits decisions to be made on financial expediency rather than on a sound educational basis. Furthermore, these decisions are made at levels quite remote from those where the materials and services are to be expended. Or, to state it more succinctly, decisions are made by people least knowledgeable about the needs of students.

Decentralized Budget Development

In contrast to this centralized budget development process, several systems have been developed to share decisions about the allocation of resources with building administrators. I will outline briefly several plans gaining acceptance in recent years.

Before doing so, it should be pointed out that basic decisions must be made regarding the extent to which budgetary decisions will be delegated. As a general rule, salaries (all categories) make up

anywhere from 7-80% of the budget with instructional salaries comprising the major portion. When fixed charges, operation and maintenance expenses are removed, we are, in reality, dealing with a small fraction of the total current expense budget. Therefore, unless some autonomy is granted for the allocation and deployment of personnel within a school, we are not really relinquishing a great deal of responsibility.

A few years ago Educational Research Service conducted a survey of 1269 school systemsto determine the extent to which their policies encouraged decentralized decision making. Although 42% of the respondents reported having such policies and another 15% were considering such policies, current opinionaires (See Education USA) would have us believe that only lip service is being given to this concept.

Two plans are noteworthy in the extent to which they include staffing in the decentralized decision-making process. Of these plans, both originated here in California.

The first is a plan developed by Monahan and Johnson which includes time, space, personnel, and material. Under this plan, allocations to schools are based on resource units rather than fixed dollars or ratios. A basic unit, referred to as an Educational Equivalent or EE, is equal to the average amount paid a teacher. EE's are allocated to schools strictly on the basis of enrollment. A lower ratio of students to EE will be found at the secondary level to allow for the more specialized nature of the programs. Under this system the principal is permitted wide latitude in staffing and equiping school.

Perhaps the boldest attempt at decentralization was that reported by the Grossmont Union H. S. District in La Mesa. Grossmont's equivalent of the EE is its personnel unit, operationally defined as "a unit the dollar equivalent of which is the average cost of a teacher in the district for the year in question." The cost of other clerical and support personnel is computed as a ratio of this cost. For example, a stenographic clerk may equal .5 of a personnel unit whereas a classroom aide may equal only .33 personnel units. A principal thus has the option of hiring one teacher or 2 clerks or 3 aides for each personnel unit.

It may be readily observed that the building principal has, under this sytem, considerable autonomy regarding staffing decisions. He is free to be as innovative as local circumstances will allow. The advantages of this system are as follows:

1. It places decisions where problem analysis and accountability should lie.
2. It encourages principals and staff to do their own problem analysis and problem solving.
3. It gives the principal a tool by which he can give teachers real decision-making functions.
4. It relieves the district administration of the constant plea from principals to help them out of a myriad of critical problems. The resources are the principal's to allocate; he must live with the consequences of his own decisions.
5. If properly used, it leads to more creative and effective ways of staffing.

For those of you less willing to delegate the complete responsibility for staffing decisions, or perhaps as a way of phasing in the process of decentralized decision making, several less ambitious methods are gaining acceptance.

The first of these provides for the equitable distribution of funds on a weighted pupil basis. Included in this process is funding for textbooks, educational media (including library books, periodicals and supplies), materials of instruction, other expenses for instruction, student activities, office supplies, postage, instructional equipment, both new and replacement, etc.. Decisions on professional staff deployment are usually made from the central office level.

To implement this plan, it is necessary, first of all, to calculate the cost of such materials over a period of several years in order to establish a base. This would be akin somewhat to fixing a benchmark against which future costs may be predicated. By dividing actual expenditures by actual enrollments for each respective year a cost per pupil may be computed. This will yield a flat rate per pupil.

In order to compensate for the difference in costs of materials between levels (secondary school textbooks and elective programs are generally more expensive), a system of weighting must be developed. As an example, pupils in grades 1-6 generally are taken as the base and given an index of 1.0; a kindergarten student, because of half day sessions, is counted as .5; students at the secondary level are given a value of 1.36 and special education students and vocational students 1.5 and 2.0 respectively. Although these figures may vary from system to system, they reflect the approximate difference in the cost of education at each level.

The index times the actual number of pupils in each category would result in a net total of weighted pupils. For example, an elementary school with 80 kindergarten students and 400 pupils in grades 1-5 would have a total weighted pupil enrollment of 440.

As an example, it may be that historically a district spends per pupil for all instructional materials a total of $40.00. This figure times 440 would equal $17,600. Thus, to provide for the program of that 480 pupil school, the principal would have $17,600 to allocate as he and his staff would see fit. Under this system the principal and his staff would determine the amounts to be expended for textbooks, workbooks, media resources, materials of instruction, and so forth. For accounting purposes, he is responsible for informing the business office of the sums he wants allocated for each category of expenditure. His major responsibility, and I might add true test of accountability, is to achieve the desired educational objectives. Also, it is his responsibility to explain to the satisfaction of his patrons the purpose for any major departures from traditional methods, e.g., use of teacher prepared materials in place of hard cover textbooks.

A variation on this theme holds constant the number of pupils, but varies the flat amount by line item. For example, a district may allow for textbooks $6.50 per pupil at the elementary level; $8.00 per pupil at the middle school level; and $9.50 per pupil at the high school level. Similarly, fixed dollar amounts are established for each level for all budget categories through and including new and replacement equipment. In fact, this has even been extended for allocation of supplies for operation of the plant. Again, multiplying the projected enrollment by the fixed rate for each budget category will yield the total sum available to each building administrator for instructional materials and supplies. Under this system, the principal is usually

given some latitude to shift sums from one category to another depending upon local priorities and needs. Again, this system allows little margin for building level decisions on staffing.

So much for the mechanics of the systems.

At this point, you may have some reservations about giving a "blank check" to building administrators. I suspect that, subconsciously, this may be deterring some school systems from moving in the direction of delegating responsibility for expenditures for instructional materials and the deployment of staff. None of the aforementioned systems excuse the principal from justifying expenditures according to an educational plan. The initial step in a decentralized process usually consists of the principal, in conjunction with his staff, developing a set of objectives and identifying strategies for meeting those objectives. The administrator and staff are then accountable for the achievement of the objectives. This educational plan is reviewable by the central office staff and each building plan is incorporated into the school district master plan.

Other Advantages of Decentralized Budgeting

Several advantages of decentralized budgeting were mentioned in connection with the system of educational equivalents, or EE's, as a method of allocating resources. Other advantages are:

1. It will permit individuals at the local level to demonstrate their talents. At the same time, it will expose those in leadership positions who are unable to accept this responsibility.
2. Decisions will be made at the point of impact.
3. It will expedite decisions by eliminating the need for clearance with the central office for every little detail.
4. It will increase efficiency by relieving other central office personnel for more constructive roles.

5. It recognizes the training, experience, and expertise of building administrators.

6. It will increase morale of both administrative and supervisory personnel and classroom teachers.

7. It will reduce paper work.

8. It will promote the development of system-wide policies and regulations.

Possible Disadvantages of Decentralized Budgeting

In practically everything we attempt to do there are some trade-offs. Rather than speak of them as distinct disadvantages, I would like to express them as caveats.

1. Decentralization will inevitably lead to a diversification of programs. We must be prepared for this lack of uniformity and the possibly undesirable side effects. It will require redoubled efforts to educate the community as to the desirability of the system. In fact, if properly implemented, a decentralized system will provide for greater parent and community involvement.

2. There may be a tendency to stray from the district-wide philosophy and goals. Proper scrutiny of pre-filed educational plans could apply the brakes to ideas that are too avant-garde for the community.

3. Personnel may be untrained to accept the responsibility. An assessment of each building leader's capabilities should be made. As with most innovative practices, appropriate in-service training should be provided. Also, manuals setting forth procedures and guidelines must be prepared.

4. Mistakes will be made. As in any of the professions, there is no immunity from making errors. Considering all the variables and the dynamics of human interaction, the opportunity for making mistakes is high. Assuming we have done all that is possible to de-bug the system we must allow it to work; this means placing implicit faith and trust in our staff. Only when a pattern of mistakes develops should we consider staff changes.

Summary

Before stating what I believe to be the role and responsibility of the Board of Education, I would like to summarize just what it is we would be yielding. Assuming that we are blessed with the caliber of administrators described at the outset, I am suggesting that we delegate to principals the responsibility for:

1. Selecting goals and the strategies for achieving those goals.
2. Selecting strategies for involving teachers in the decision-making process.
3. Involving members of the community in the budget development process or responsiveness to the community needs.
4. Methods of informing the community about decisions made.
5. The method of allocating resources within his education unit.
6. The selection of instructional materials and equipment, and
7. The deployment of professional and classified personnel.

Delegating these responsibilities to building administrators will free central office personnal to: devote more time to setting broad goals and direction for the system, review of building objectives, review of the evaluation process, testing, research, curriculum development and communications -- tasks which too often are given short shrift.

This leads then to the role of the Board of Education. It is generally known that the role of the Board is to develop broad policies for the operation of the educational enterprise. Most of you who have attended school board member orientation have heard it expressed most succinctly that "it is not the business of the board of education to run the schools but to see that they are well run." With the current stress on accountability, there is the temptation on the part of some members to want to engage in some of the mundane matters of school operation.

The decision to enter into a decentralized decision-making process is a matter of policy. Once agreed upon it is the responsibility of the superintendent to submit a plan for board approval. The board is not relinquishing any of its authority to fix the budget. In the event that a budget must be reduced, the superintendent is given the directive and the amount by which it is to be cut. The staff (including building principals), on the other hand, should determine where the cuts are to be made.

Again, I will repeat - the board has relinquished nothing. It retains the broad policy making responsibility. And I submit to you, when the board makes the decision to decentralize the decision making process, it is exercising policy development of the highest order!

I believe that the merits of a decentralized decision-making process, especially as it concerns the budget, far outweigh the disadvantages. If you have not already done so, I believe such a move deserves your consideration in the near future.

Thank you!